HOUSE FINANCE COMMITTEE April 8, 2021 2:03 p.m.

2:03:32 PM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 2:03 p.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair Representative Kelly Merrick, Co-Chair Representative Dan Ortiz, Vice-Chair Representative Ben Carpenter Representative Bryce Edgmon Representative DeLena Johnson Representative Andy Josephson Representative Bart LeBon Representative Sara Rasmussen Representative Steve Thompson Representative Adam Wool

MEMBERS ABSENT

None

PRESENT VIA TELECONFERENCE

Janye Andreen, Alaska Public Health Association, Juneau; Natalie Wojchik, Executive Director, Sitkans Against Family Violence, Sitka; Sabrina Sutton, President, Kodiak Borough Education Association, Kodiak; Jonas Lamb, President, Alaska Library Association, Juneau; Andy Anderson, City Council of Dillingham, Dillingham; Max Angellan, Kwethluk; Sarah Hanson-Hofstetter, Working Against Violence for Everyone (WAVE), Petersburg; Tom Brice, University of Alaska Fairbanks Alumni Association, Juneau; Melissa Henshaw, Public Relations Director, City and Borough of Sitka, Sitka; Cris Eichenlaub, Self, Wasilla; Palomar, Executive Director, Advocates for Victims of Violence Valdez, Valdez; Rodney Dial, Mayor, Ketchikan Gateway Borough, Ketchikan; Bob Sivertsen, Self, Ketchikan; Robert Purcell, KBBI Public Broadcasting, Homer; Roxanne

Murphy, Assistant City Manager, City of Valdez, Valdez; Jennifer Canfield, Chair, KTOO Board of Directors, Juneau; Dawson Moore, Board President, Advocates for Victims of Domestic Violence, Valdez; Helen Clough, Self, Tanya Kvasnikoff, Self, Dillingham; Eryn Ruppert, Resource Advocate, Women in Safe Homes (WISH), Ketchikan; Beverly Richardson, Self, Petersburg; Deborah Hayden, Ketchikan; Carmen Lowry, Executive Director, Alaska Network on Domestic Violence and Sexual Assault (ANDVSA), Juneau; Sallee, Self, Anchorage; Tom Jaclyn Abbott, Petersburg; Ghert Abbott, Self, Ketchikan; Blue Shibler, Self, Juneau; Vikki Jo Kennedy, Self, Juneau; Joy Lyon, Executive Director, Association for the Education of Young Children, Juneau.

SUMMARY

HB 69 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 69 was HEARD and HELD in committee for further consideration.

HB 71 APPROP: MENTAL HEALTH BUDGET

> HB 71 was HEARD and HELD in committee for further consideration.

PUBLIC TESTIMONY: OFFNET SITES - JUNEAU, SITKA, PETERSBURG, DELTA JUNCTION, DILLINGHAM, GLENALLEN, VALDEZ, WRANGELL, HOMER, KETCHIKAN, KODIAK, SEWARD

Co-Chair Foster reviewed the agenda for the day.

#hb69 #hb71 HOUSE BILL NO. 69

> "An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making reappropriations; supplemental appropriations; making appropriations under art. IX, sec. 17(c), Constitution of the State of Alaska, from the constitutional budget reserve fund; and providing for an effective date."

HOUSE BILL NO. 71

"An Act making appropriations for the operating and expenses of the state's integrated capital health comprehensive mental program; supplemental appropriations; and providing for effective date."

2:04:15 PM

^PUBLIC TESTIMONY: OFFNET SITES -JUNEAU, PETERSBURG, DELTA JUNCTION, DILLINGHAM, GLENALLEN, VALDEZ, WRANGELL, HOMER, KETCHIKAN, KODIAK, SEWARD

Co-Chair Foster indicated the committee would be hearing public testimony from the communities of Juneau, Sitka, Petersburg, Delta Junction, Dillingham, Glenallen, Valdez, Wrangell, Home, Ketchikan, Kodiak, and Seward. He provided general instructions for testifiers and provided the email and call-in numbers for submitting public comments.

2:07:11 PM

JANYE ANDREEN, ALASKA PUBLIC HEALTH ASSOCIATION, JUNEAU (via teleconference), spoke in support of the \$1.5 million increase for public health nursing personnel. She stressed that public health nursing in conjunction with the tribal health system was the cornerstone of community public health services. She advocated the importance of public health nurse staffing on the ground. She reported that Alaska had cut approximately \$6 million from public health nursing since 2014, which resulted in a reduction in services and staffing. She provided statistics on the number of programs and services that had been eliminated due to cuts. She stressed that the number of teen pregnancies had increased, the number of immunizations had decreased, syphilis had dramatically increased and Alaska current lead the country in the cases of Gonorrhea. She spoke of temporary federal funding that had helped augment the public health response. She reiterated her support for additional funding for public health.

2:11:06 PM

NATALIE WOJCHIK, EXECUTIVE DIRECTOR, SITKANS AGAINST FAMILY VIOLENCE, SITKA (via teleconference), spoke in support of funding for domestic violence. She thanked the Department of Public Safety (DPS) subcommittee for its work to fully

fund victims' services through the Council on Domestic Violence and Sexual Assault (CDVSA). She indicated agencies receiving funding from CDVSA had recently been notified that Victims of Crimes Act (VOCA) funds had been reduced by 30 percent for FY 22. She stressed it meant there would be a \$230,000 cut, which would have a devastating impact on victims of domestic violence and sexual assault throughout Alaska. She reported that the organization would have to cut its legal advocacy services in half, reduce on call and cut its children's programming. She had advocacy, witnessed the importance of providing refuge for victims. She spoke about the state's high rate of domestic violence including violence against children. She asked committee to consider allocating general funds to cover the gap.

Co-Chair Foster asked Ms. Wojchik to restate the reduction amount.

Ms. Wojchik answered that every program receiving CDVSA funding throughout the state would receive a 30 percent cut to victims' services. The Sitka program would be cut by approximately \$230,000.

2:14:04 PM

SABRINA SUTTON, PRESIDENT, KODIAK BOROUGH EDUCATION ASSOCIATION, KODIAK (via teleconference), urged members to use the 2019 enrollment count for education funding for the FY 22 budget. She provided information about the Kodiak Borough Education Association. She was concerned that passing a budget based on the 2020 enrollment count would mean the schools would not have the resources needed for all of the students going back to classrooms in 2021.

2:15:02 PM

JONAS LAMB, PRESIDENT, ALASKA LIBRARY ASSOCIATION, JUNEAU (via teleconference), testified in support of the Alaska library catalogue and the Statewide Library Electronic Doorway (SLED), two core library services benefitting all He shared that during the 2020 legislative Alaskans. session \$635,900 had been approved by the legislature for the items; however, the funding had been vetoed by Governor Dunleavy. He stressed that the need for the funding remained, driven by the past seven years of reductions to library operational funding. The programs

acted as bridges across the states digital rural/urban divide and provided equitable access to resources. He provided statistics about the increased usage of library programs during the pandemic. He requested the appropriation of \$635,900 for the Alaska State Library.

Co-Chair Foster reported that the subcommittee had funded both programs in the subcommittee process.

Vice-Chair Ortiz confirmed Co-Chair Foster was correct.

2:17:51 PM

ANDY ANDERSON, CITY COUNCIL OF DILLINGHAM, DILLINGHAM (via teleconference), requested full funding for assistance, school bond debt reimbursement, the Dillingham regional jail, the Dillingham Division of Motor Vehicles office, and Power Cost Equalization (PCE). He reported that Dillingham was operating in a perfect storm of a critical loss of state, federal, and local financial support. He detailed that the pandemic had resulted in lost revenue from bed and sales taxes. He provided statistics about the loss of funding and increased expenses. He asked the committee to hold harmless the community's shared fish taxes based on the FY 19 distribution.

Co-Chair Foster asked for verification that Mr. Anderson's list included a request to fully fund community assistance, school bond debt reimbursement, the Dillingham regional jail, the Dillingham Division of Motor Vehicles office, Power Cost Equalization (PCE), and to hold harmless the community's shared fish taxes.

Mr. Anderson agreed. He noted he was having difficulty hearing due to static on the phone line.

Co-Chair Foster apologized for the poor connection and explained that the static was impacting multiple lines.

2:22:12 PM

MAX ANGELLAN, SELF, KWETHLUK (via teleconference), spoke in support of public broadcasting. She shared that he had volunteered his time for over 20 years to the radio station KYUK.

[Mr. Angellan was interrupted due to the poor sound quality].

2:23:16 PM AT EASE

2:33:47 PM RECONVENED

Co-Chair Foster indicated there was a problem with the phone lines. However, the committee would continue with public testimony.

2:34:40 PM

Mr. Angellan continued with his testimony. He communicated that he served as the chairman for Bethel Broadcasting Inc. He reiterated his support for public broadcasting. stressed the importance of public broadcasting for the region's villages. He highlighted the importance of public broadcasting for communication during the pandemic.

2:37:36 PM

SARAH HANSON-HOFSTETTER, WORKING AGAINST VIOLENCE FOR EVERYONE (WAVE), PETERSBURG (via teleconference), spoke in support of funding for domestic violence and sexual assault services. She indicated agencies receiving funding from CDVSA had recently been notified that VOCA funds had been reduced by \$4.1 million and that all victims' services should expect a cut of 30 percent to their grants for FY 22. She stressed that the cut would have a devastating impact on victims of domestic violence and sexual assault throughout Alaska. She asked the committee to help by finding a way to cover the gap created by the VOCA shortfall. She underscored Alaska's high rates of sexual assault and domestic violence.

Co-Chair Foster thanked Ms. Hanson-Hofstetter for her testimony and added that her music was known statewide.

Hanson-Hofstetter appreciated the compliment and thanked the committee.

2:40:10 PM

UNIVERSITY OF ALASKA FAIRBANKS ASSOCIATION, JUNEAU (via teleconference), spoke in support of university funding. He detailed that he had been tracking the university funding since the late 1980s. He thought it was important to develop a plan to stop the bleeding in terms of cuts to the University of Alaska. He stated that the university would generate engineers, and healthcare professionals for the state's future. He believed coordinated efforts to for COVID-19 relief and infrastructure dollars would help divert limited dollars back General Fund into the classroom. underscored that bad weather days, like the current one, were a good reminder of the need to maintain plow trucks and public buildings.

2:42:07 PM

MELISSA HENSHAW, PUBLIC RELATIONS DIRECTOR, CITY AND BOROUGH OF SITKA, SITKA (via teleconference), spoke support of continued support for school bond debt reimbursement at 70 percent, as originally agreed upon. She detailed that the proposed budget was half the original commitment, representing a loss to Sitka of \$1.6 million. She requested support for community assistance program that had decreased by more than half from 2015. She relayed that the proposed budget for Sitka's portion was \$415,000. She urged stable and predictable funding for school districts. She reported that school spending had averaged an annual increase of 2.57 percent over the last 10 years. She asked for continued support for the Alaska Marine Highway System. She thanked the committee.

2:43:40 PM

EICHENLAUB, SELF, WASILLA (via teleconference), believed the state was mismanaging its resources. advocated for a full statutory Permanent Fund Dividend (PFD). He stated that the PFD went to his grandchildren's education funds. He believed Alaska had the worst school systems in the nation. He thought the state's fiscal problem was a result of bloated budgets. He advocated for the repeal of SB 26. He thought the legislature needed to figure out which formula to use for the PFD. He did not support the POMV formula. He remarked that the statutory formula was based on fund earnings.

2:46:42 PM

ROWENA PALOMAR, EXECUTIVE DIRECTOR, ADVOCATES FOR VICTIMS VIOLENCE VALDEZ, VALDEZ (via teleconference), appreciated Governor Dunleavy's recognition of April as sexual assault awareness month and for recognizing the need for more prosecuting attorneys in the Department of Law budget to respond to the backlog of sexual assault cases. She thanked the DPS subcommittee for fully funding victims' services. She indicated agencies receiving funding from CDVSA had recently been notified that VOCA funds had been reduced by \$4.1 million and that all victims' services should expect a cut of 30 percent to their grants for FY 22. She reported that the Valdez program would be cut by \$130,000. She provided information about the organization in Valdez. The organization would be forced to cut services if the cut took place. She asked the committee to help by finding a way to cover the gap created by the VOCA shortfall. She underscored Alaska's high rates of sexual assault and domestic violence.

2:49:51 PM

RODNEY DIAL, MAYOR, KETCHIKAN GATEWAY BOROUGH, KETCHIKAN (via teleconference), spoke of the difficult financial times the borough was currently experiencing. Additionally, citizens were experiencing price increases for general merchandise such as building supplies and shipping costs. He remarked that cruise ships would likely not return until 2022 at the earliest, which had translated to a high unemployment rate in the region. He stressed that the city's tax revenues had dramatically decreased. He asked the legislature to honor its commitment to school bond debt reimbursement. He stated that canceling debt reimbursement was a discriminatory action that only impacted organized boroughs. He also asked that the legislature funding for the AMHS and community assistance. He asked the legislature to avoid passing on new expenses to organized boroughs. He recommended looking for ways to encourage borough formation as a means to bring the state's fiscal house in order. He requested an increased distribution of the American Rescue Plan Act (ARPA) funds given to the state sent to areas of the state that had experienced the greatest fiscal hit from the pandemic.

2:52:18 PM

SIVERTSEN, SELF, KETCHIKAN (via teleconference), commented that the state had been in deficit spending mode for too long. He remarked that the state had depleted its reserves at an alarming rate. He stressed that revenues and expenses did not align, and he did not believe the deficit could be fixed with cuts alone. He believed it would be necessary to implement all broad-based taxes if a dent were to be made in the deficit. He did not support a draw on the earnings reserve account. He recommended addressing the appropriate use of the Permanent Fund through the POMV. He also suggested a POMV of 4.75 percent. He supported significantly smaller dividends and a larger portion of the funds directed to state spending needs. He noted the economic impact of cruise ships being canceled in FY 21. He reported the community had suffered a \$200 million loss in cruise passenger spending, a 60 percent increase unemployment and a \$33 million loss to city revenues. He stated that revenue replacement for local governments needed to be considered. He asserted there had been a disparity in the ARPA funds distribution. The community needed help rather than more expenses. He thanked the committee for its time.

2:55:02 PM

ROBERT PURCELL, KBBI PUBLIC BROADCASTING, HOMER teleconference), spoke in support of public radio. provided information about his work background in Alaska. He shared that in his work in emergency management he had learned about the critical role that public radio played in preparing for, responding to, and recovering from disasters. He detailed that public radio covered news, public meetings, and could provide ongoing critical information. He reviewed several of the benefits of public radio. He explained that public radio supported federal agencies, and faith-based and other voluntary agencies assisting individuals and families. He elaborated that KBBI had a cooperative agreement for emergency communications with the City of Homer. He underscored that public radio was a critical resource. He thanked the committee.

2:57:08 PM

ROXANNE MURPHY, ASSISTANT CITY MANAGER, CITY OF VALDEZ, VALDEZ (via teleconference), advocated for maintaining the Valdez DMV office, full funding for school bond debt reimbursement, and support for year-round AMHS operations.

Additionally, she asked the committee to deny a proposal for the city to pay for misdemeanor prosecutions. She thanked the committee for its work.

2:57:59 PM

JENNIFER CANFIELD, CHAIR, KTOO BOARD OF DIRECTORS, JUNEAU teleconference), spoke in strong support approximately \$1.6 million for rural public broadcasting. She elaborated that rural radio stations provided vital public safety alerts, potentially life-saving information. She reported that KTOO supported the inclusion of intent would direct the Public language that Broadcasting Commission to allocate the funding only to the rural stations, many of which had struggled during the pandemic to maintain local fundraising. She explained that without the funding request, stations may suffer further reductions to staff and services. She stressed that the stations should always be considered vital state infrastructure. She radio added that worked when other communication technologies were unavailable.

2:59:45 PM

DAWSON MOORE, BOARD PRESIDENT, ADVOCATES FOR VICTIMS OF DOMESTIC VIOLENCE, VALDEZ (via teleconference), thanked the DPS subcommittee for fully funding victims' services under CDVSA. He indicated agencies receiving funding from CDVSA had recently been notified that VOCA funds had been reduced by \$4.1 million and that all victims' services should expect a cut of 30 percent to their grants for FY 22. He underscored that crime victims should not expect to bear the brunt of the cuts. He provided information about the organization and its services in Valdez. He asked the committee to consider allocating state funds to cover the gap created by the VOCA shortfall. He underscored Alaska's high rates of sexual assault and domestic violence.

Co-Chair Foster asked about the shortfall in federal funding. He wondered if the program had not been reauthorized.

Mr. Moore replied that the situation had only just occurred in recent days and he did not have any additional details.

3:02:23 PM

HELEN CLOUGH, SELF, JUNEAU (via teleconference), spoke in support of the AMHS. She was appalled with the lack of funding resulting in unreliable service. She stressed that inconsistent and unreliable service was a death nail to the system. She shared that she was no longer able to plan trips involving the ferry. She mentioned frequent breakdowns and maintenance issues. She urged increased funding, improved consistent maintenance, long-term funding for replacement vessels, use of marine highway staff to make repairs, and finding someway to have at least two vessels always operating in Southeast. She was concerned with the interruption of tourism because of the service breakdown. She stressed that the ferry system was essential service.

3:04:51 PM

TANYA KVASNIKOFF, SELF, DILLINGHAM (via teleconference), shared that she currently lived in a shelter and was a domestic violence survivor. She did not know where she would be without a shelter in the region. She was gratefully receiving life-saving support. She advocated the appropriation of state general funds to fill the gap created by federal funding cut to VOCA.

3:05:43 PM

ERYN RUPPERT, RESOURCE ADVOCATE, WOMEN IN SAFE HOMES KETCHIKAN (via teleconference), thanked the DPS subcommittee for fully funding victims' services under CDVSA. She indicated agencies receiving funding from CDVSA had recently been notified that VOCA funds had been reduced by \$4.1 million and that all victims' services should expect a cut of 30 percent to their grants for FY 22. She detailed that the cut would be approximately \$320,000 for WISH. She provided details about the organization. She highlighted that the organization would lose its counselor, child advocate, and legal advocate if the cuts came to fruition. The program would not have adequate staff to cover on call services. She asked the committee to consider allocating state funds to cover the gap created by the VOCA shortfall. She underscored Alaska's high rates of sexual assault and domestic violence.

3:08:11 PM

BEVERLY RICHARDSON, SELF, PETERSBURG (via teleconference), spoke in support of public broadcasting funding under the Department of Administration budget for rural Alaska. She mentioned several benefits of public radio in smaller communities off the road system. She shared that public radio provided up to date access to national, state, and local news. She read a list of the programming that was beneficial to communities and residents. She explained that had been an opportunity to appreciate importance of public radio. There had been a one-hour show providing updates about the pandemic.

Co-Chair Foster indicated the static on the line was likely due to weather.

3:11:19 PM

DEBORAH HAYDEN, SELF, KETCHIKAN (via teleconference), did not support additional PFDs. She shared that her economic development career spanned 30 years. She stressed that the legislature should not spend any excess revenues from the oil price increase on PFDs. She stressed that oil would not be around forever and that world policies were gearing towards alternative energies. She would rather have any excess funds deposited into the principle of the fund. She advocated putting as much money into the fund as possible to ensure that the fund would be available in the future. She encouraged the legislature to implement any needed taxes to close budget gaps. She did not want to see money taken from the ERA. She thanked the committee.

3:13:37 PM

CARMEN LOWRY, EXECUTIVE DIRECTOR, ALASKA NETWORK DOMESTIC VIOLENCE AND SEXUAL ASSAULT (ANDVSA), JUNEAU (via teleconference), stressed that victims' services facing an abrupt cut of up to \$6 million. She indicated agencies receiving funding from CDVSA had recently been notified that VOCA funds had been reduced and that all victims' services should expect a cut of 30 percent to their grants for FY 22. She shared that she had sent the committee written testimony. She referenced all of the victims' services programs in Anchorage. She listed how the reductions would impact communities.

Co-Chair Foster noted that the audio connection was poor, and he asked Ms. Lowry to call back in.

12

3:15:59 PM

JACLYN SALLEE, SELF, ANCHORAGE (via teleconference), shared that she was the president and CEO of KNBA public radio that served Anchorage and Mat-Su with news, culture, and a special emphasis in serving the Alaska Native population. She provided information about her personal background. She spoke in support of restoring funding for public radio stations in the amount of \$1.6 million with specific language that distributes the funding to the smaller stations throughout the state. She provided a list of stations that she thought deserved the funding. She spoke of the benefits of funding public radio. Most of the rural stations could not sustain the economic losses due to COVID-19.

3:19:59 PM

Ms. Lowry restated her testimony. She provided information about ANDVSA. She stressed that victims' services were facing an abrupt and unexpected reduction in grant funds of up to \$6 million. She indicated agencies receiving funding from CDVSA had recently been notified that VOCA funds had been reduced and that all victims' services should expect a cut of 30 percent to their grants for FY 22. She shared that she had sent the committee written testimony showing what the cuts would look like for specific agencies. She of the victims' referenced all services programs She listed how the reductions would Anchorage. impact communities. She shared that rural communities especially vulnerable. She supported the governor's efforts to address domestic violence and sexual assault. She asked members to consider allocating state general funds to fill the gap of federal funding.

Co-Chair Foster asked what caused the abrupt federal funding.

Ms. Lowry replied that the federal VOCA funds allocated to each state came from crime victim funds. She explained that crime victim funds were not taxpayer funds; the funds were the result of fines and penalties, mostly from corporate criminal cases. She elaborated that several years back there was a change in the way some of the cases were prosecuted and there became a greater leverage for prosecutors at the federal level to decide whether they

were going to prosecute criminally or civilly. She detailed that many of the cases had been prosecuted civilly and any associated fines went into the general Treasury. Over the course of several years there had been fewer criminal convictions and fines being allocated to the VOCA fund.

3:24:30 PM

TOM ABBOTT, SELF, PETERSBURG (via teleconference), asked for the restoration of partial to full funding for public broadcasting. He indicated that in the past two years public broadcasting funding had been vetoed by the governor. He underscored that public radio in rural areas of Alaska was vital and provided life-saving information. He highlighted of several incidents in which the radio stations provided critical safety information. He urged members to provide funding for public radio.

3:28:33 PM

GHERT ABBOTT, SELF, KETCHIKAN (via teleconference), spoke in support of full Medicaid funding. He referenced the economic damage the town had suffered due to the pandemic. He stressed the importance of maintaining the social safety net for the community. He stated that any cuts to the public healthcare budget would compound the economic and human devastation the community had suffered. He did not want to see any health programs cut. Additionally, he spoke in support increased revenue via a state income tax in order for the public healthcare system to remain secure.

3:30:29 PM

BLUE SHIBLER, SELF, JUNEAU (via teleconference), shared that she was an early educator. She appreciated the funding for early education and Pre-K programs. She shared that it had been exciting to follow multiple bills introduced in the current year that would move towards the expansion of Pre-K education. She reported that studies showed that investing in Pre-K reduced the need for public spending on remedial education, criminal justice systems, and other social support programs. She hoped the money currently included in the budget for early education was maintained.

Representative Rasmussen thanked Blue for calling in to testify.

3:31:55 PM

VIKKI JO KENNEDY, SELF, JUNEAU (via teleconference), spoke in strong support of funding essential services. She noted that the state had a Permanent Fund that was established to cover the needs of Alaska. She advocated using the ERA funds to provide services. She supported a reasonable state sales tax.

3:34:21 PM

JOY LYON, EXECUTIVE DIRECTOR, ASSOCIATION FOR THE EDUCATION OF YOUNG CHILDREN, JUNEAU (via teleconference), spoke in support of stable funding for Pre-K education. She listed programs that benefited young children. She urged the legislature to make the investment in Alaska's children. She explained that the increase would work towards the goal of all children reading by the third grade. She emphasized that early education was the foundation for the future of Alaska. She thanked the committee for its work.

Co-Chair Foster indicated the committee would continue hearing public testimony in the following day, April 9, 2021 at 1:30 p.m.

HB 69 was HEARD and HELD in committee for further consideration.

HB 71 was HEARD and HELD in committee for further consideration.

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<u>ADJOURNMENT</u>

3:38:20 PM

The meeting was adjourned at 3:38 p.m.